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September 27, 2001

VIA HAND DELIVERY

K. David Waddell
Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

Re: Petition of Chattanooga Gas Company for Approval of Tariff
Establishing Experimental Fixed Rate PGA Rider; Docket No. 01-
00761 – Withdrawal of Petition for Approval of Tariff Establishing
Experimental Fixed Rate PGA Rider

Dear Mr. Waddell:

Enclosed you will find the original and 13 copies of Chattanooga Gas Company's Withdrawal of its Petition for Approval of a Tariff Establishing an Experimental Fixed Rate PGA Rider. The Company requests that the docket be dismissed without prejudice.

Thank you for your cooperation in expediting these proceedings.

Sincerely,



D. Billye Sanders

DBS/lmb
Enclosure

cc: Hal Novak
Archie Hickerson
Earl Burton
Tim Phillips, Esq., Consumer Advocate Division
Robert J. Middleton, Jr., Esq.

**BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

IN RE:

PETITION OF CHATTANOOGA GAS)	
COMPANY FOR APPROVAL OF)	
TARIFF ESTABLISHING)	DOCKET NO. 01-00761
EXPERIMENTAL FIXED RATE PGA)	
RIDER)	

**WITHDRAWAL OF PETITION FOR APPROVAL OF
TARIFF ESTABLISHING EXPERIMENTAL
FIXED RATE PGA RIDER**

Comes now, Chattanooga Gas Company ("Chattanooga Gas"), and hereby withdraws its Petition for Approval of Tariff Establishing Experimental Fixed Rate PGA Rider, which was filed with the Tennessee Regulatory Authority ("TRA" or "Authority") on August 31, 2001. Chattanooga Gas states the following with respect to its withdrawal.

1. Chattanooga Gas thanks the TRA Directors, the TRA Staff and the Consumer Advocate and Protection Division of the Office of the Attorney General ("CAD") for their cooperation in expediting the proceedings of this docket.

2. Chattanooga Gas' Petition for Approval of a Tariff Establishing an Experimental Fixed Rate PGA Rider was filed in response to concerns raised by Chattanooga Gas' customers and the TRA regarding the volatility in gas cost experienced during the winter of 2000/2001. The fixed rate tariff was an attempt by

Chattanooga Gas to develop a creative win/win response that would guarantee a flat rate for residential and commercial customers.

3. While Chattanooga Gas understands and appreciates the role of the TRA Directors, the TRA Staff, the CAD, and its customers in analyzing and reviewing this tariff, Chattanooga Gas is concerned about the motives of Dynegy Inc. ("Dynegy") for participating in this docket. As alluded to in Chattanooga Gas' objection to the intervention of Dynegy, the company believes Dynegy's last minute intervention does not relate to the merits of this docket. Rather the company believes that the underlying motives of Dynegy's intervention are indicative of a continuing pattern of harassment in retaliation for a pending lawsuit initiated by a subsidiary of AGL Resources, Inc.¹ against Dynegy Marketing and Trade ("DMT")². ALG Resources, Inc. wishes to resolve the issues that are the subject of that litigation in the forum where those issues are currently being adjudicated and does not wish to broaden the scope of that dispute to these unrelated proceedings.

4. While Chattanooga Gas regrets it is now foregoing the opportunity to institute a fixed rate for the upcoming winter, the company will use the information that it has gained from this proceeding to continue to study its current proposal and other methods for managing price volatility in the future.

¹ AGL Resources, Inc. is also the parent of Chattanooga Gas.

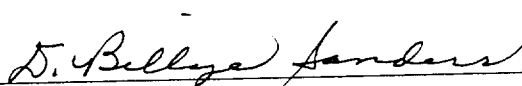
² DMT is an affiliate of Dynegy.

5. As indicated in the Petition in this docket, the filing contemplated approval prior to October 1, 2001. When this matter progressed to the point of becoming a contested case on Tuesday, September 25, it became apparent that a decision in the requested timeframe would not be possible. The management of the company then reevaluated its options in light of the timing for conclusion of the docket and the intervention of Dynegy and decided to withdraw its proposed fixed rate tariff.³

THEREFORE, Chattanooga Gas respectfully submits this notice of voluntary withdrawal and requests that this docket be dismissed without prejudice.

Respectfully submitted,

Chattanooga Gas Company

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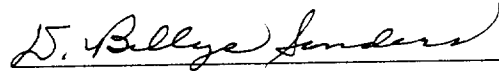
³ After the decision to withdraw was made on Wednesday, September 26 2001, the parties to this proceeding and the TRA Staff were immediately notified by e-mail that a formal withdrawal would be filed.

CERTIFICATE OF SERVICE

I hereby certify that on this 27th day of September, 2001, a true and correct copy of the foregoing was served on the persons below by e-mail and by placing same in the U.S. mail, postage pre-paid:

Consumer Advocate and Protection Division
Office of Attorney General
Cordell Hull Building
426 5th Avenue North
Nashville, Tennessee 37243-0500

Robert J. Middleton, Jr., Esq.
Watson, Spence, Lowe and Chambless, L.L.P.
320 Residence Avenue at North Jefferson Street
P.O. Box 2008
Albany, Georgia 31702-2008

A handwritten signature in cursive script, reading "D. Billye Sanders", written over a horizontal line.

D. Billye Sanders